

To: Board of Governors of the Federal Reserve System; National Credit Union Administration

Re: Document ID FRS-2022-0253-0001 Prudent Commercial Real Estate Loan Accommodations and Workouts

IH Mississippi Valley Credit Union (IHMVCU) has reviewed the relevant questions regarding the proposed statement related to CRE Workouts and Accommodations. Below, we have shared our thoughts regarding some of the specific questions that were outlined in the proposed statement and provided responses to the questions.

Question 1: To what extent does the proposed Statement reflect safe and sound practices currently incorporated in a financial institution's CRE loan accommodation and workout activities? Should the agencies add, modify, or remove any elements, and, if so, which and why? **The updated guidance is helpful for financial institutions and includes some clarifying information from the original 2009 guidelines. The new guidance is more consumer friendly and is mostly geared towards helping members and financial institutions with regards to allowing more flexibility around commercial real estate workouts, which is appreciated.**

Question 2: What additional information, if any, should be included to optimize the guidance for managing CRE loan portfolios during all business cycles and why? **It would be helpful if the agencies could include additional verbiage in the guidance around short-term modifications, and the time periods that are allowed to be considered under this definition. For example, are commercial real estate loans between 6 months and 12 months allowed to be considered short term modifications and allowed to be determined based on the financial institution's judgement and appropriate documentation in the loan file?**

Question 3: Some of the principles discussed in the proposed Statement are appropriate for Commercial & Industrial (C&I) lending secured by personal property or other business assets. Should the agencies further address C&I lending more explicitly, and if so, how? **10 Additional guidance is available in NCUA letter to credit unions 10-CU-02 "Current Risks in Business Lending and Sound Risk Management Practices," issued January 2010, and in the Commercial and Member Business Loans section of the NCUA Examiner's Guide. Page 12 of 99. The agencies do not need to expand upon the Commercial & Industrial (C&I) guidance. These loans generally fall under lending related to capital purposes and with collateral related to accounts receivable, inventory, and equipment and with repayment based on the cash flow of the business.**

Question 4: What additional loan workout examples or scenarios should the agencies include or discuss? Are there examples in Appendix 1 of the proposed statement that are not needed, and if so, why not? Should any of the examples in the proposed Statement be revised to better

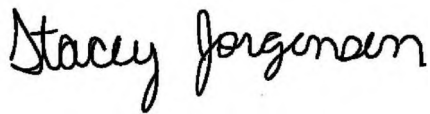
reflect current practices, and if so, how? No additional examples are needed under this section, and all the examples are helpful and clear.

Question 5: To what extent do the TDR examples continue to be relevant in 2023 given that ASU 2022-02 eliminates the need for a financial institution to identify and account for a new loan modification as a TDR? Once CECL takes effect and the reporting of TDR's change then the guidance will not be as relevant since it will not directly apply anymore. At this time of this proposed rule, it is unknown if the agencies will update the guidance again once CECL is implemented for all institutions. As a financial institution we strongly encourage the agencies to take this into consideration and to update the guidance to be consistent with other regulatory rules that are being issued in our industry.

As stated above, we have shared our specific thoughts on the impact this proposal would have on financial institutions. Please let us know if you have any questions for our review, or if you need any further clarification on our comments.

Thank you!

Sincerely,



Stacey Jorgensen
ERM Manager